

South Korean Joint Venture Update

- Gubong gold project development approvals are well advanced with submission to regulators of the 'Permit to Develop'.
- Report on the feasibility of re-starting mining at the Kochang Project received from Bluebird.
- Both Kochang and Gubong are to advance in parallel under the 50/50 Joint Venture structure with Bluebird

Australian gold company Southern Gold Ltd ("Southern Gold") advises that its development partner in South Korea, London Stock Exchange listed Bluebird Merchant Ventures Ltd ("Bluebird"), has provided an update on the Gubong and Kochang gold projects in South Korea under the 50/50 Joint Venture.

Gubong

The Joint Venture has submitted documentation to Korean regulators to secure the key 'Permit to Develop'. The Joint Venture will receive feedback on the application in approximately 40 days.

South Korea uses a streamlined process of application for mine plan approvals. There is a single application made that encompasses all government approvals required to carry out mining activities. The submission is made at the local government level which in turn obtain approvals from all relevant government authorities.

Kochang

In late January Bluebird submitted to Southern Gold the report on the feasibility of reopening the Kochang Project which results in the 50/50 Joint Venture now being established. Bluebird continues to be the operator of the Joint Venture.

Bluebird has also advised that it has applied for funding support for drilling at Kochang from Korean Resources Corporation (KORES), a government entity with the mandate to support investment into the resources industry both domestically and offshore. The drilling will delineate the three main vein systems above and below the recently accessed workings in the unmined zone of the deposit. If successful, the KORES funding support will cover 70% of the direct drilling costs.

Southern Gold Managing Director, Mr. Simon Mitchell: *"Bluebird has indicated that it is targeting first gold pour by the end of 2019 and cash flow from operations during the course of 2020. This is an extremely rapid development timeframe and points to South Korea's unique regulatory regime and support for mine development."*

"Over the next few months further work will be done by Bluebird to refine the development scenario for either Kochang or Gubong, or possibly an integrated development of both in parallel. Whatever final development scenario is selected it will be designed to keep capital costs low, development timeframes tight and achieve cash flow from operations as soon as possible."



Shares on Issue: 55.8m

Share Price: \$0.175

Market Capitalisation: \$9.8m

Asset Base – WA, Australia

Cannon Gold Mine (100%)

Glandore Gold Project (75%*)

Cowarna Gold Project (100%)

*currently earning 90%

Asset Base – South Korea

Gubong Project (50/50 BMV)

Kochang Project (50/50 BMV)

Taechang Project (100%)

Weolyu Au-Ag Project (100%)

Hampyeong Au-Ag Project (100%)

Aphae Au-Ag Project (100%)

Deokon Au-Ag Project (100%)

Beopseongpo Au Project (100%)

Neungju Au-Ag Project (100%)

Sonbul Au-Ag Project (100%)

*Currently under BMV farm-in

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Southern Gold Limited: Company Profile

Southern Gold Ltd is a successful gold explorer and producer listed on the Australian Securities Exchange (under ASX ticker "SAU"). At the Cannon project near Kalgoorlie we are currently looking to develop a small underground operation on the basis of a high grade JORC resource with mineralisation currently open at depth. Southern Gold is also looking to develop a second mine in South Korea within the next 12-18 months with development partner London-listed Bluebird Merchant Ventures.

In South Korea Southern Gold also owns a portfolio of high-grade gold projects that are a combination of decommissioned gold mines with orogenic gold mineralisation and greenfield epithermal gold-silver targets. Backed by a first-class technical team, including renowned geologist Douglas Kirwin, Southern Gold's aim is to find world-class epithermal gold-silver deposits.

Southern Gold looks to monetise the small gold deposits while we search for the bigger ones.

Forward-looking statements

Some statements in this release regarding estimates or future events are forward looking statements. These may include, without limitation:

- Estimates of future cash flows, the sensitivity of cash flows to metal prices and foreign exchange rate movements;*
- Estimates of future metal production; and*
- Estimates of the resource base and statements regarding future exploration results.*

Such forward looking statements are based on a number of estimates and assumptions made by the Company and its consultants in light of experience, current conditions and expectations of future developments which the Company believes are appropriate in the current circumstances. Such statements are expressed in good faith and believed to have a reasonable basis. However, the estimates are subject to known and unknown risks and uncertainties that could cause actual results to differ materially from estimated results.

All reasonable efforts have been made to provide accurate information, but the Company does not undertake any obligation to release publicly any revisions to any "forward-looking statement" to reflect events or circumstances after the date of this presentation, except as may be required under applicable laws. Recipients should make their own enquiries in relation to any investment decisions from a licensed investment advisor.